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April 5, 2006

Mr. Serge Tchuruk
Chief Executive Officer
Alcatel SA
54 Rue La Boetie
Paris, France-75008

Dear Mr. Tchuruk:

The California Public Employees' Retirement System (CalPERS) continues to evaluate its global equity portfolio holdings to better understand the operations of our companies doing business in Sudan and the resulting impact on human rights in that country. As a result of our evaluation process, CalPERS has identified two organizations, The Collaborative for Development Action, Inc. (CDA) and the Business Leaders Initiative on Human Rights (BLIHR) that could potentially be a resource to Alcatel for systematically assessing and reporting on your operation's impact on human rights in Sudan. We strongly encourage you to contact the CDA and BLIHR to work with them to assess and report on the impact of your company's operations in Sudan. Two of our portfolio companies are currently associated with these organizations. Total, SA has a history of working with CDA and ABB is one of the ten original members of BLIHR.

The Collaborative for Development Action, Inc. (CDA) is chaired by Ms. Mary B. Anderson and is based in Cambridge, Massachusetts. CDA's capabilities include focusing on the role of multinational corporations in countries in situations of conflict. A point of contact for CDA is:

Ms. Mary B. Anderson
The Collaborative for Development Action, Inc.
130 Prospect Street
Suite 202
Cambridge, Massachusetts 02139
Telephone: (617) 661-6310

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Ms. Mary Robinson serves as the honorary Chair for the Business Leaders Initiative on Human Rights. The objective of this organization is to develop universal benchmarks that measure a company's human rights performance. A point of contact for BLIHR is:

Mr. John Morrison
Program Director
Business Leaders Initiative on Human Rights
PO Box 2124
SE-103
13 Stockholm Sweden
Telephone: 44-132-372-7389

From previous meetings and correspondence, we understand your position is that maintaining a presence in Sudan is both in the best interest of advancing human rights in the country and in the best interest of your shareowners. CalPERS believes Alcatel can benefit by working with both CDA and BLIHR pertaining to your business in Sudan. It also reflects our interest in managing portfolio risk and assisting portfolio companies in assessing and managing their potential business risks associated with human rights violations in Sudan.

We ask that you respond in writing with your decision regarding your engagement with both CDA and BLIHR. In the event that you work with either organization, we look forward to reading the published reports pertaining to your activities in Sudan. You may contact Dennis Johnson, Senior Portfolio Manager-Corporate Governance at (916) 795-2731 if there are questions.

Sincerely,

Christianna Wood
Senior Investment Officer
Global Equity

Cc: Mary B. Anderson
John Morrison
Dennis Johnson

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